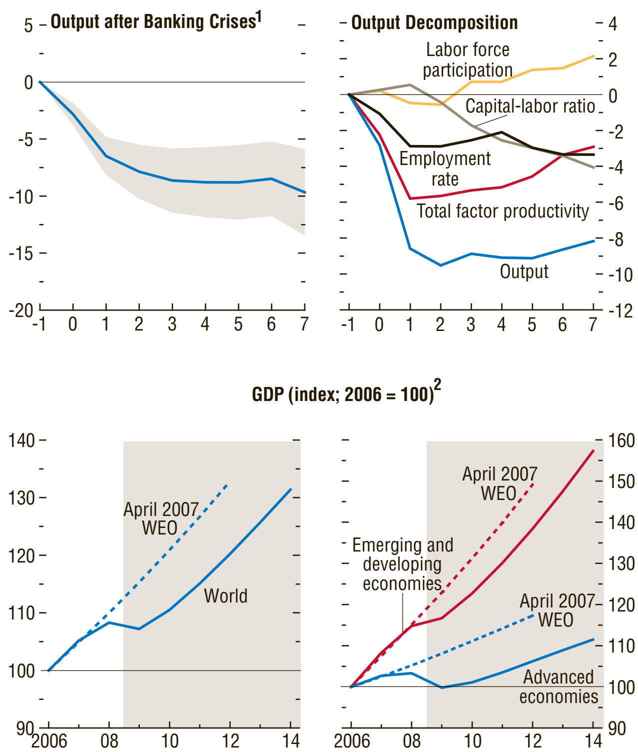
Figure 1.12. GDP Growth

Historical evidence suggests that declining output after crises is driven to a roughly equal extent by lower employment, lower effective capital stocks, and lower productivity. *World Economic Outlook* (WEO) forecasts for output have been marked down appreciably relative to precrisis levels, in line with historical evidence. With lower investment and consumption, current accounts of advanced economies are expected to improve.



Source: World Economic Outlook database projections.

[1]In percent of precrisis trend; mean difference from year $t-1$; first year of crisis at $t = 0$. The figure reports the estimated mean path (line) and the 90 percent confidence interval for the estimated mean (shaded area).

[2]GDP path predicted in the April 2007 WEO (dashed line) versus current GDP path (solid line).